

1 HB378
2 197350-3
3 By Representative Chestnut
4 RFD: State Government
5 First Read: 09-APR-19

1
2 ENROLLED, An Act,

3 Relating to the Department of Examiners of Public
4 Accounts; to create the Municipal Audit Accountability Act; to
5 authorize the department to perform an audit of a municipality
6 when fraud or mismanagement of funds is suspected; to
7 authorize the governing body of a municipality to request an
8 audit by the department under certain circumstances; to
9 require the department to establish and maintain a repository
10 of independent audit reports received from municipalities; to
11 authorize the department to perform an audit, at the expense
12 of the municipality, on any municipality that fails to have an
13 audit conducted as required; and to impose financial penalties
14 against municipal officials who fail or refuse to have an
15 audit performed or to submit an independent audit report as
16 required.

17 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

18 Section 1. (a) This section shall be known and may
19 be cited as the Municipal Audit Accountability Act.

20 (b) Any provision of law to the contrary
21 notwithstanding, if the Department of Examiners of Public
22 Accounts suspects fraud or mismanagement of funds by a
23 municipality, the department may examine the books, records,
24 vouchers, and accounts of the municipality.

1 (c) If the mayor of a municipality does not provide
2 for an audit or examination to be conducted on a municipality
3 as required by law, or when fraud or mismanagement of funds by
4 a municipality is suspected, a majority of the members of the
5 governing body of the municipality, by resolution, may submit
6 a written request to the department for an examination by the
7 department of the books, records, vouchers, and accounts of
8 the municipality. The department, pursuant to a cursory
9 review, shall determine whether an in-depth audit by the
10 department is necessary as required by law or by evidence of
11 fraud or mismanagement, and, if warranted by the department,
12 shall conduct a formal audit or examination during the six
13 month period following that determination.

14 (d) If a municipality has an independent audit or
15 examination of the books, records, vouchers, and accounts of
16 the municipality conducted, the governing body of the
17 municipality, upon receipt of the final report of the
18 independent audit or examination, shall provide a copy of the
19 report to the department within 60 days after completion. The
20 department shall establish a repository of independent audit
21 reports received, provide, on a weekly basis, notice to the
22 public of reports received, and, upon request, provide copies
23 of reports received to the public.

24 (e) Any municipality in which the municipal officer
25 or municipal governing body fails or willfully refuses to have

1 a financial audit conducted, or to comply with subsection (d),
2 shall be subject to an audit by the department. The department
3 shall assess the costs of the audit against the municipality.
4 Before performing an audit under this subsection, the
5 department shall notify the municipality of its intent to
6 perform an audit, and the municipality shall have 30 days,
7 from the date of the notice, to either file a completed audit
8 report or, if an audit is currently pending, provide the
9 department with the name and address of the independent public
10 accountant retained to perform the audit and an estimated time
11 for completion.

12 (f) If the department determines that a municipal
13 officer or municipal governing body has failed or willfully
14 refused to have a financial audit conducted or to comply with
15 subsection (e), unless the municipal officer or municipal
16 governing body can demonstrate to the department that it has
17 made a good faith effort to perform as required by this
18 section, the department shall levy a penalty of up to two
19 hundred fifty dollars (\$250) per week, for each week the
20 failure or refusal continues. Any penalties imposed and
21 collected pursuant to this subsection shall be paid into the
22 State General Fund.

23 Section 2. This act shall become effective on the
24 first day of the third month following its passage and
25 approval by the Governor, or its otherwise becoming law.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17

Speaker of the House of Representatives

President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in
and was passed by the House 21-MAY-19.

Jeff Woodard
Clerk

Senate

29-MAY-19

Passed